KONZA
Technopolis

KONZA TECHNOPOLIS DEVELOPMENT AUTHORITY

FINANCIAL POLICY & PROCEDURES MANUAL

(APRIL 2020)

DEFINITION OF TERMS AND ACRONYMS

AIA	-	Appropriation in Aid
AIE	-	Authority to Incur Expenditure
BIC	-	Budget Implementation Committee
CBK	-	Central Bank of Kenya
CEO	-	Chief Executive Officer
CMCs	-	Chief Manager Corporate Services
EWG	-	Estimates Working Group
MF&A	-	Manager Finance and Accounts
IB	-	Internet Banking
IPSAS	-	International Public Sector Accounting Standards
KCB	-	Kenya Commercial Bank
KRA	-	Kenya Revenue Authority
MTEF	-	Medium Term Expenditure Framework
NT	-	National Treasury
P.A.Y.E	-	Pay As You Earn
PBB	-	Program Based Budget
PPR	-	Program Performance Review
PSAB	-	Public Sector Accounting Standards Board
SWG	-	Sector Working Group
VAT	-	Value Added Tax

ACKNOWLEDGEMENT

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CHAPTER 1: INTRODUCTION

1.1 Background Information

Konza Technopolis Development Authority was established under the Legal Notice Number 23 on 28 March 2012 under State Corporations Act (cap. 446). The entity is domiciled in Kenya. The objective of the Authority is to ensure that Konza Technopolis grows into a sustainable world class technology hub and a major economic driver for the nation with vibrant mix of businesses, workers, residents and urban amenities. The vision, mission, core values and core function of the Authority include:

Vision
To be a leading global technology and innovation hub

Mission
To develop a sustainable smart city and innovation ecosystem, contributing to Kenya's knowledge-based Economy

Core values
a) Simplicity: Through innovation and guided by clarity and consistency, we deliver simple, elegant and quality solutions to our customers and stakeholders.

b) Professionalism: We are a qualified, skilled and committed team striving to always deliver exceptional services to our customers, driven by independence, objectivity, best practices, always acting with integrity and keeping our promises while treating others with respect.

c) Passion for Excellence: We are passionate on delivering a better Konza to live, work and play through innovative and creative solutions inspired by outstanding services in time.

d) Agility: We are a vibrant and dynamic team that identifies and responds to emerging issues in an ever-changing globally competitive environment, hence giving our customers a competitive edge.

e) **Collaboratio**n
We optimize results by working smarter together. We multiply our contribution through partnerships and deliver with speed, trust and respect.

1.2 KoTDA Mandate

The mandate of KoTDA is to develop Konza Technopolis as a globally competitive smart city by creating an enabling environment through utilization of ICT for socio-economic development.

Strategic Objectives:

- Develop and manage a world-class smart city with a vibrant, safe and secure, healthy and sustainable ecosystem.

- Form partnerships with other actors in the National Innovation System, to recruit, attract, and develop high-end talent as well as create relevant, and smart innovative solutions and commercialize them.
- Mobilise adequate and sustainable funding to meet the Authority's mandate and changing needs of the business community and residents.
- Create a strong brand and image of Konza Technopolis that will attract, facilitate and retain investors.
- Ensure that the Authority has adequate institutional capacity to fulfil its mandate.

1.3 Policy Statement

1.3.1 The policies and procedures including the systems of internal control shall provide adequate checks and balances to ensure existence of integrity in process and operations in compliance with the Finance Act, Public Finance Management Act (2012), Public Finance Management Regulations (2015) and International Public Sector Reporting Standards.

1.3.2 The policies and procedures seek to promote understanding of the basic assumptions underlying the preparation of the financial statements in general and of significant accounting policies adapted by the Authority in preparing and presenting its financial statements. The regulations shall govern all the financial transactions of the Authority.

1.4 Statement of Compliance with relevant Laws and Regulations

This financial policy manual and procedures has been prepared taking into account the following laws and regulation:

i. The Constitution of Kenya, 2010
ii. The Public Finance Management Act (2012)
iii. The Public Finance Management Regulations 2015
iv. The Public Audit act (2003)
v. International Public Sector Accounting Standards (IPSAS)
vi. Public Procurement and Disposal Act (2015)
vii. Government of Kenya Financial Regulations and Procedures

1.5 Objectives

1.5.1 These financial policies and procedures are designed to fulfil the following objectives:-

(i) Outline the financial and accounting policies, procedures and practices to be followed by the Authority in undertaking financial transactions, preparation of accounting records and financial reporting.

(ii) Provide a guide to handling the Authority's financial and accounting processes, policies and practices to ensure consistency and standardization in the application of accounting policies.

(iii) Setting out a standardized system which discloses with reasonable accuracy the financial position of the Authority for use in the management's decision making and statutory reporting.

(iv) Outline the role and responsibility of staff performing finance and accounting functions.

(v) Provide reports to management, donors and other stakeholders in accordance with agreed content, format and reporting period.

(vi) Ensure effective control and security, and efficient utilization of resources.

(vii) Outline the internal controls necessary to minimize compliance, financial and accounting risks associated in each aspect of financial and accounting transactions.

(viii) Set procedures for maintenance of accurate, complete, reliable and timely accounting records and reporting framework.

1.6. Applicability of the Finance Policy and procedure Manual

This Financial policy and procedures will be the primarily reference in the discharge of accounting and finance functions within the Authority. The manual shall apply to the Board of Directors, all the staff of Authority including those on contracts, casuals and trainee employees.

1.7.1 Review of the Manual

The financial policy and procedure manual shall be reviewed and updated any time there is a change in Public Financial Management Act and Regulations, change in accounting and reporting standards or any other relevant case within a period not exceeding five years. The changes will be submitted to the Board for Approval before incorporation in the manual.

The revised Manual shall be circulated to all members of the Authority for implementation.

CHAPTER 2: ROLES OF THE FINANCE AND ACCOUNTING FUNCTIONS

2.0 The Role of Accounting officer:

The Chief Executive Officer, as the Accounting Officer, is responsible for prudent financial management of the Authority. Since the Authority is established under a legal Notice, most of its funds will be provided by the Exchequer and shall be applied and accounted for in accordance with the Public Finance Management Act (2012), Public Audit Act and Public Finance Management Regulation of 2015.

2.1 Responsibilities of the Accounting Officer

The Chief Executive Officer shall administer the funds entrusted to the Authority by:-

(i) Signing Contract Documents on behalf of the Authority and ensure the contracts are lawful and the contract terms are complied with.

(ii) Being responsible for safe custody of the funds of the Authority.

(iii) Ensuring realistic budgets are prepared in line with the strategic plan.

(iv) Monitor the implementation of the budget and ensure funds received by the Authority are applied for purposes to which they are intended.

(v) Ensuring all funds are applied in compliance with specific statutory authorities and other regulations.

(vi) Ensuring that expenditures are incurred within the total sum authorized on the particular budget items.

(vii) Ensuring prudent application of public funds to prevent wastage.

(viii) Ensuring that in all transactions the Authority gets value for money.

(ix) Ensuring all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods. For goods, ensure adequate arrangements for their custody and safety.

(x) Ensuring that proper financial and accounting records are maintained in accordance with the law and other provisions. The accounts should also be accurate, complete and timely.

(xi) Prepare annual financial statement for each financial year within three months after the end of financial year and submit them to the Office of Auditor General for Audit and forward a copy to the National Treasury and Controller of Budget.

(xii) Take appropriate measures to solve any issues arising from audit which may remain outstanding.

(xiii) Provide information to the relevant institutions on any fraud, losses or any violation of Section 68(1) of the PFM Act 2012 and an explanation for the actions taken to prevent a similar problem in future.

(xiv) Discharge all the responsibilities of the accounting officer as provided for in section 68, sub section 2 of the PFM Act 2012.

(1) He is responsible to the National Treasury to ensure that the resources of the Authority are used in a way that is:-
  (a) Lawful and authorized; and
  (b) Effective, efficient, economical and transparent.

(2) In carrying out his responsibilities under subsection (1), The Authority Secretary shall do the following in relation to the Authority-
  a. Ensure that no expenditure is made unless it is lawful, authorized, effective, efficient and economical;
  b. Ensure proper financial and accounting records are kept;

2.2 Authority to Incur Expenditure

2.2.1 All expenditure shall be approved by the Chief Executive Officer.

2.2.2 The Chief Executive Officer may appoint an officer in writing to perform the functions of the AIE holder.

2.2.3 All expenditure will be in conformity with the Public Finance Act, Public Management Regulations and Procurement Regulations and Procedures that may be issued from time to time.

2.3 Responsibilities of AIE Holders

The Accounting Officer in exercise of her/his delegated authority May appoint AIE holders as per the requirements of the Authority.

The AIE holders shall;

i. Append their signatures to any payments which are related to their roles as AIE holders.
ii. Ensure that the payment requests are within the budgetary allocations and work plans.

iii. Ensure that the payment requests for goods and services procured are within the procurement plans of the Authority for a particular financial year.
iv. Append signatures to surrendered Imprest warrants of the staff members in their department, and ensure Imprest applicants append the necessary signatures as well.
v. Ensure that Funds which they approve are spent prudently and are accounted for fully and appropriately.
vi. Acquaint themselves with PFM Act, PFMR, this manual, National Treasury Circulars, Memos issued by the CEO.

2.4.1 Overview of Finance Division

Finance division is under Corporate Services Department. The head of the department is Chief Manager Corporate Services who is also the Principal advisor to the Chief Executive Officer on financial matters and assisted by Manager Finance and Accounts. The division of Finance and Accounts is responsible for planning utilization of financial resources through budgetary process, allocation of the Authority's funds to various departments/divisions, maintain financial records and prepares financial reports.

2.5 Responsibilities of Chief Manager Corporate Services

The Chief Manager Corporate Services supervises the Department of Finance, Human Resource and Administration and among other functions provide oversight of the Division of Finance and Accounts and will assist the CEO achieve the responsibilities as outlined in 2.1.

2.6 Responsibilities of Manager Finance and Accounts

The MF&A will assist the CM Corporate Services to achieve objectives and responsibilities relating to Budgets and Budgetary controls, financial management and accounting delegated to the Division. MF&A may delegate these responsibilities to officers in the department.

2.7 Finance and Accounts Division Functions

The Finance and Accounts Division is mandated to undertake budgetary implementation in accordance with the Authority's strategy by undertaking the Accounting functions namely:

i. To disburse staff salaries and allowances.
ii. To remit statutory and 3rd party deductions.
iii. To file Tax Returns.
iv. To pay suppliers of goods and services.
v. To reimburse staff expenses on travelling quarter per-diem, meal allowance, transport, accommodations and medical ex-gratia claims.
vi. Expenditure controls through maintenance of vote book.
vii. Administration of ERP Module for finance and accounts.
viii. Preparation and submission of Annual Financial Statements to Kenya National Audit Office, National treasury and other relevant institutions.
ix. Facilitate internal and external audit functions.

x. Accounting for all grants and monies received by the Authority.
xi. Maintenance of Fixed Assets Register.
xii. Receipting of Exchequer issues and any other income received.
xiii. Preparation of Statements of Expenditure.
xiv. Reconciliation of all General Ledger Accounts including payroll.
xv. Bank reconciliation.
xvi. Examination of all clearance, supplier and claims payment vouchers.
xvii. Custodian of accountable documents.

CHAPTER 3: SYSTEM ACCESS AND PROCESSING OF TRANSACTIONS

3.1 Introduction

This section covers the entry of data into the accounting system. The various procedures that are carried out before and after the input stage are documented in the respective sections.

i. The financial management system in the Authority should be comprehensive to provide timely, reliable and useful information for accountability and decision-making purposes.
ii. The Authority's accounting structure and controls is an integral component in the overall management system to ensure provision of a single common database for financial information.

3.2 Input control

All transactions will be entered through the defined input forms. Financial transactions will originate from the various KOTDA Units (Departments/ Divisions/ section) and will be approved by the Head of Departments/ Heads of the Accounting Units before they are forwarded to the Finance Department for processing. The Finance Department will ensure the input forms are correctly coded before processing data.

The documents used to input financial data into the accounting system and the related transactions are shown below:

Table 1: Input controls

Transaction description	Input document
Payments-General	Payment voucher
Payments-Imprest	Imprest Application Warrant
Accounting for Imprest	Personal Expense Form
Votebook/budget control analysis	Requisition Form
Claiming travel expenses	Travel Claim Form
Petty Cash Payments	Petty Cash Request Form
Corrections, Bank Charges	Journal Voucher
Accrued Expenses	Supplier invoice
Inventory receipt	Goods receipt note/AP invoice
Inventory issue	Goods issue (S13)
Fixed Assets Additions	Fixed Assets Journal Entry
Fixed Assets Depreciation	Fixed Assets Journal Entry
Fixed Assets Disposal	Fixed Assets Journal Entry
Payroll Expenditure	Payroll Journal Entry
Budget Income	Journal Voucher
Receipt of Funds	Official Receipt
Update Chart of Accounts	Master File Amendment Form
Update the Procedures Manual	Procedures Change Request Form

3.3 Data entry procedures

In the system, data may be entered in real time entries or journals. Every transaction must be consisting of a debit and a credit entry, which must balance. The input procedures are dependent on the specific transactional process/procedure.

3.4 Disaster recovery management (data security and retrieval)

Disaster recovery management will be provided in detail in a separate manual under the department in charge of ICT matters. This section only provides back up procedure for FMS system.

3.5 Backups

The department in charge of ICT will maintain real time backups for the FMS. This will be done both externally and internally. External backup will be done as per the backup guidelines in a site that is safe and secure outside the KoTDA head office site.

3.6 Security

For data protection, each system user member will be assigned a username and password and authorization levels in relation to their job description.

Physical security – The strong technical controls can mean nothing if the system itself is not physically secure from unauthorized access.

Finally make sure the antivirus is properly installed and run often for virus protection.

3.7 Restoration

Users may request that information be restored from back-up, provided the original location of the file(s) is known. Such requests will be submitted to the ICT Department to attempt to restore any data.

The information will be stored to an alternate directory.

3.8 Posting Period closing

Each transaction posted must be assigned to a posting period. Posting periods are defined as financial year which is further sub divided into twelve months. The monthly posting period will be closed once all the postings for that month have been posted and all bank reconciliation signed. The financial year posting period will be closed once the relevant audit certificate is received from external auditors.

CHAPTER 4: ACCOUNTING POLICIES AND CONCEPTS

4.1 Application of Accounting policies

Accounting policies shall be selected and applied as per the guidelines issued by IPSAS 3, and the PASB. Changes in Accounting policies and correction of errors shall be applied retrospectively, while change in accounting estimates shall be applied progressively.

4.2.1 The Objectives of Accounting Concepts and Policies

Provide accurate, complete, reliable and timely financial information to the Authority's Management, Finance and Procurement Committee of the Authority and to facilitate informed and timely decision-making.

i. Ensure effective control and efficient utilization of resources.
ii. Ensure timely preparation and submission of periodic financial management reports and annual reports for audit purposes.
iii. Enable comparison of financial performance.
iv. Ensure compliance with International Public Sector Accounting Standards and other statutory requirements.
v. Ensure compliance with the Constitution of Kenya and the Public Financial Management Act 2012.

4.2.2 Accounting Concepts and Policies

The CM Corporate Services shall:

i. Develop appropriate accounting principles, policies and procedures for approval by the Board.
ii. Ensure that accounting policies and principles are observed by the accounting staff in the preparation of financial statements.

The financial statements shall be prepared on the basis of the following accounting concepts:

i. **Consistency**: Accounting policies shall be applied consistently for all transactions during an accounting period and subsequent periods.
ii. **Accrual:** Revenue and costs will be accrued or recognized in the financial statements as they are earned or incurred (and not when money is received or paid out) and recorded in the period to which they relate.
iii. **Going concern**: The financial statements are prepared on the understanding that KOTDA will continue to operate in future and has no intention of winding up or materially curtailing the scale of its operations in the future.
iv. **Prudence**: Prudence demands a degree of caution while exercising the judgment needed when making the estimates required under conditions of uncertainty. In this regard, income is not accounted for until there is reasonable expectation of its realization. Anticipated losses are accrued in the financial statements or disclosed by way of note as appropriate.
v. **Historical cost Convention**. The financial statements will be prepared under the historical cost convention. However, additional reporting requiring cash-basis reporting will also be done.

vi. **Translation of Foreign Currencies**. All assets and outstanding liabilities in foreign currencies at the balance sheet date will be converted into Kenya Shillings at the CBK exchange rate ruling at the balance sheet date. Transactions in foreign currencies during the year will be converted at the rates ruling at the date of the transaction. The resulting exchange differences will be recognized in the income and expenditure account.

vii. **Reporting in Foreign Currencies**. Financial Statements may be translated into a foreign currency for the purpose of meeting specific requirements of Development Partner/s.

viii. **Property and equipment**. Items of property and equipment will be stated at historical cost less accumulated depreciation and impairment. Assets donated to the Authority will be included in the accounts at the value attributed to the asset by the donor and, where the value is not readily provided, at a reasonable valuation.

ix. **Prepaid Operating Lease Rentals**. These will be charged to the income & expenditure account on a straight-line basis over the period of the lease.

x. **Debtors and other receivables**. Debtors and other accounts receivables will be stated at nominal value, less provisions for any amounts considered doubtful or irrecoverable.

xi. **Creditors and other payables**. Creditors and other payables will be stated at their nominal values.

xii. **Provisions for Contingent Liabilities**. Provisions for contingent liabilities will be recognized when the Authority has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

xiii. **Cash and Cash Equivalents**. Cash and cash equivalents comprise cash in hand and at bank net of bank overdrafts including short-term investments not exceeding 3 months to maturity such as fixed deposits and Treasury Bills.

xiv. **Segregation of Duties**: There must be a separation of duties between the person receiving cash and the person responsible for maintaining the accounting records.

4.2.3 Accounting Policies

KoTDA will observe the following Accounting Principles and Policies in the preparation of its financial statements.

4.2.4 Basis of Preparation

i. The financial statements will be prepared in compliance with IPSAS as applicable. The measurement basis applied will be the historical cost basis of accounting. In this regard transactions shall be recorded under the cost price on the date of the transaction as modified to include valuation of non-current assets where relevant. The financial statements will be presented in Kenya Shilling (Ksh).

ii. The preparation of financial statements in conformity with IPSAS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the laid down policies.

Areas involving high level of judgment or where estimates are significant to the financial statements shall be disclosed in the notes to the Financial Statements.

4.2.5 Accounting Period

The Financial year shall be the period of twelve (12) months commencing from 1 July and ending on the 30 June of the following year.

4.2.6 Revenue Recognition

Revenue and other sources of income shall be accrued and accounted for in the financial period to which they relate. Costs shall be recognized when they are incurred.

4.2.7 Investment Income

Investment income shall be recognized and accrued in the period in which it is earned. Income from investment includes interest received from funds invested in fixed deposits or any other investments carried out within the law and approved by the Board.

4.2.8 Impairment of non-cash generating assets-IPSAS 21

The Policy is to ensure that a fair charge is recognized in the financial statements to cater for loss in value of non-current assets due to wear and tear and obsolescence among others. The Authority shall ensure that the IPSAS 21 standards are adhered to ensure that the assets carrying amount does not exceed its recoverable amount.

i. The Authority shall adopt the straight-line method of depreciation.
ii. Depreciation shall commence from the time the asset is held ready for use.
iii. No depreciation shall be charged in the month the asset is commissioned for disposal.
iv. Depreciation shall be charged from the month of acquisition.
v. No depreciation shall be charged on work in progress
vi. Any expenditure on a capital item of less than Kshs.30, 000 shall be treated as revenue expenditure even if the expected useful life of the item is longer than one year.
vii. Each fixed asset lasting the full life estimated economic working life shall be considered to have a zero scrap value. However upon sale of an asset the gain on disposal shall be recognized in the books of accounts.
viii. For revalued assets, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Non-current assets will be depreciated as per the schedule below:

Table 2: Non-current Depreciation Table

ASSET CLASS	DEPRECIATION RATE	NO. OF YEARS
Land	N/A	
Capital Work in Progress	N/A	
Buildings	2.5%	40
Plant & Machinery	12.5%	8
Equipment/Furniture/Fittings	12.5%	8
Motor Vehicles	25%	5
Computers	30%	3
Library Books	12.5%	8

4.2.9 Land

Land details on the fixed assets register shall include details such as location, size, land tenure that is, leasehold or freehold, LR No. lease period and any other information which might be relevant for future use. Title deeds shall be maintained at the Head Office by the CEO.

CHAPTER 5: BUDGET AND BUDGETARY CONTROLS

5.1.1 Budget Formulation

KoTDA will prepare its annual and quarterly budgets in accordance with the requirements of Government of Kenya and development partners' requirements. The Government of Kenya budget is prepared in the three-year rolling Medium Term Expenditure Framework (MTEF). The MTEF provides a link between budgetary allocations and specific measures/activities geared towards fulfilling the overall objective or theme of the budget

5.1.2 MTEF Budget Formulation

i. Before the commencement of each financial year, the CEO with the approval of the Board shall cause to be prepared estimates of the revenue and expenditure of the Authority for the period.
ii. The preparation and formulation of the Medium Term Expenditure Framework (MTEF) budget estimates shall be participatory. All Department shall prepare their respective budgets and be involved in the budget making process and provide necessary information as per the timelines.
iii. The CEO shall present the estimates approved by the Board to MOICT for consideration and approval by the National Assembly through Cabinet Treasury National Treasury.

5.1.3 Planning and Budget Preparation

As part of budget preparation process the KoTDA shall prepare a strategic plan as requirement of Section 35 of the PFM Act. Therefore, the Authority's budget preparation process shall be consistent with budget preparation calendar, objectives and priorities issued by the National Treasury whilst observing the Authority's mission, vision and objectives.

5.1.4 Procedure for MTEF Budget Formulation

i. The CEO will receive Treasury Circular Guidelines on MTEF/PPR/PBB preparation in the August of every financial year and communicate to management.
ii. CM Corporate Services communicates to the Departmental and divisional heads the format of the Work plans.
iii. The Departmental and divisional heads to prepare their PPR, MTEF, PBB and submit to the CM Corporate Services. Compilation and consolidation of budget will done by the Finance and Accounts division.
iv. CM Corporate Services will present the consolidated submissions to the Budget Implementation Committee.
v. The CM Corporate Services in consultation with Budget Implementation Committee prepares a consolidated MTEF/PPR/PBB report in NT Format for consideration and to recommendations to Management.

vi. A reviewed PPR /MTEF/PBB report by Management is compiled and presented to the Finance, Human Resource and Administration Committee who the recommends for approval by the Board.
vii. The Board approves the MTEF/PPR/PBB report.
viii. The approved budget report is then forwarded to the NT through MOICT and the Sector Working Group for inclusion in the sector report.
ix. The CM Corporate Services recommends to the CEO at least two officers to be nominated to the SWG from Finance and Technical department.
x. The officer nominated to participate in SWG will bid for resources within the Sector and communicates the indicated Authority ceilings to the Departmental and divisional heads.
xi. The CEO may request/appeal for additional allocation/ funding over and above the Authority's ceilings if the Authority's allocation is deemed not adequate or where critical activities are left out of the ceiling.

5.1.5 Preparation of itemized draft Annual budget

KoTDA operational costs are financed through grants from the Government of Kenya. The annual estimates will be prepared in accordance with Treasury Circulars and will be captured as:

- Recurrent expenditure
- Development expenditure

The Authority shall prepare an itemized budget that shall be linked to Annual Work Plans and the Strategic Plans. The Annual Work Plan shall be approved by the Management, Finance and Human Resource and Administration Committee and the Board.

On approval, The Authority will submit the budget to the Investment Division of The National Treasury latest 31 January each year for consideration and approval by the Treasury before the preparation of the annual budget. The annual estimates must also be submitted to the Parent Ministry by the same date in accordance with section 11 of the State Corporations Act (CAP 446) and the relevant National Treasury circular

5.1.6 Procedures for the preparation of draft itemized Annual and PBB budget

i. CM Corporate Services communicates to the Budget Implementation Committee the Authority budget estimates for prioritization of the programs and activities.
ii. The Budget Implementation Committee reviews the budget estimates and redistributes the estimates to Department and Division to review their work plans within the ceiling.
iii. The Department and divisions shall align their work plans within the ceiling and submit to the CM Corporate Services.
iv. CM Corporate Services convenes the Budget Implementation Committee to consolidate and review the work plans and submit to Management.
v. The CEO convenes Management meeting to discuss the reviewed work plans.

vi. A reviewed work plan by Management is compiled and presented to the Finance and Human Resource and Administration Committee who then recommends to the Board for approval.
vii. The Board considers it and then approves the annual work plan.
viii. CM Corporate Services aligns the work plans with the itemized budget.
ix. CEO receives National Treasury Circular inviting the Authority to attend Estimate Working Group (EWG) meeting to defend the budget proposal.
x. The CEO upon invitation from parliament attends the budget review meeting with Parliamentary Departmental Committee on ICT
xi. The CEO receives approved Printed Estimates from NT and they are circulated by the CM Corporate Services to management.

5.1.7 Preparation of Supplementary Budget

i. Article 223 of the Constitution allows National Government entities to spend money that has not been appropriated under supplementary appropriation, provided the supplementary appropriation may not exceed 10% of the annual budget. Section 44 of the PFM Act provides that the National Government entities must submit a supplementary budget to support any money spent under Article 223 of the Constitution.
ii. Preparation and formulation of supplementary budget estimates shall be participatory. All Departmental and divisional heads shall prepare their respective budgets and be involved in the process and in providing necessary information as per the timelines. All budgets shall be discussed and approved by the Board. The approved Supplementary Budget shall be communicated to all the Departmental and divisional heads
iii. To realign the Authority's expenditure/work plans to accommodate any changes in the Authority's requirements in the Supplementary Budget.
iv. The Authority will prepare its supplementary budget estimates to allow for budget Reallocations and rationalization twice in each financial year in line with guidelines issued By the National Treasury through supplementary budget circulars.
v. The preparation of the supplementary budgets will be coordinated by the Chief Manager Corporate Services. All supplementary budget amendments shall be discussed and Rationalized by the Budget Implementation Committee, reviewed by the F, H &A Committee of the Authority and approved by the Board.

5.1.8 Procedure for preparation of supplementary budget

i. CEO receives National Treasury circular giving guidelines on the preparation of supplementary estimates and communicates to the Department and Divisional heads

ii. CM Corporate Services forwards the circular to Budget Implementation Committee to revise and realign the expenditure/work plans as per the guidelines.

iii. The Departmental and divisional heads prepare their Supplementary Budgets and submit to the CM Corporate Services

iv. Compilation and consolidation of the submissions to be by the Finance division

v. CM Corporate Services present the consolidated revised budget/work plan to the Management for discussion.

vi. CEO presents the consolidated budget to the Finance and Human Resource and Administration Committee.

vii. The Finance and Human Resource and Administration Committee recommends the Supplementary Budget to the Board for approval.
viii. CEO forwards the approved Supplementary Estimates to the National Treasury through MOICT
ix. CEO receives a letter inviting the Authority to attend an Estimates Working Group to discuss the revised budget as submitted by the Authority.
x. CEO receives the approved supplementary estimate and communicates to the Department and Departmental and divisional heads.

5.1.9 Budget Reallocation

The PFM Act (Section 43 – subsections 1 to 3) outlines the circumstances under which funds may not be reallocated, specifically, no budget reallocations may occur where:

a) The funds are appropriated for transfer to another government entity or person;
b) The funds are appropriated for capital expenditure except to defray other capital expenditure;
c) The reallocation of funds is from wages to non-wages expenditure; or
d) The transfer of funds may result in contravention of fiscal responsibility principles.

The CEO is permitted to reallocate funds between projects or between Sub-votes in the budget for a financial year if:

a) There are provisions in the budget of a program or Sub-Vote which are unlikely to be utilized;
b) A request for the reallocation has been made to Board explaining the reasons for reallocation and the Board has approved the request; and
c) The total sum of all reallocations made to or from a program or Sub-Vote does not exceed 10% of the total expenditure approved for that project or Sub-Vote for the financial year.

5.1.10 Procedures for Budget Reallocation

a) The Department develops the actual vs. budget performance analysis and prepare a report, no later than December 31st of each year outlining line items for reallocation.

b) The consolidated reallocation request is compiled by MF&A and forwarded to CMCs for review and approval by BIC.
c) The CEO further reviews BICs recommendations and approves the consolidated reallocation requests.
d) On approval by the CEO, the CM Corporate Services prepares the Supplementary Budget, including the reallocations for review and approval by the Board.
e) However, for urgent reallocation, the request can be made on need basis and approved by CEO.

5.1.11 Budget Implementation and Control

i. An approved work plan and procurement plan shall be prepared to implement the annual budget and MTEF. The implementation of the budget shall ensure prudence, accountability, transparency, efficiency and value for money.

ii. The Department/AIE Holders must stick to the approved work plans. Expenditure must only be incurred on the approved items. Reallocation must be approved by the Accounting Officer.

iii. The Department/AIE Holders shall efficiently implement work plans within the available resources and avoid any expenditure overruns and/ or under absorption of budget.

5.1.12 Procedure for Budget Implementation and Control

CEO takes custody of the duly approved budget.

i. CEO receives budget implementation circular from National Treasury and circulates it to all Heads of Department and division immediately.
ii. CEO circulates the approved Work Plans as per the approved Printed Estimates for each Department.
iii. All requests for the expenditure from all Department are made to the CEO for approval
iv. Manager Finance and Accounts confirms whether the request is covered in the work plan of the Department/ division and that funds are available to cover the request.
v. The CEO shall consider the requests subject to availability of funds:
    i. Approves requests and forwards to CM Corporate Services or Procurement for processing or disapproves and communicates to the user.
vi. Manager Finance and Accounts allocates the expenditure item to be charged in line with the approved budgetary provision and the work plan .Charges the expenditure/ commitment against the budget line as in the vote book.

5.1.13 Procedure for Expenditure Tracking and Monitoring

The Authority must get value for money for all its expenditure and shall be traced to the intended purpose. This procedure is to ensure that the funds are applied efficiently and effectively on the intended budgetary items, activities and /or service providers.

CM Corporate Services obtains the expenditure reports from the implementing units.

i. CM Corporate Services prepares Expenditure Tracking Instrument.
ii. Finance and Accounts division administer the instrument at the end user / payee/beneficiary point.
iii. ETs report Presented to the Management for recommendation to F, HR & Admin Committee.
iv. ETs report presented to the F, HR & Admin. Committee for recommendation to Board.
v. Recommendations of the ETs report implemented and necessary measures taken.

5.1.14 Donor funds

Funds from donors shall be included in the Annual and Supplementary Budgets and shall be received and used according to the conditions specified in Section 47 of the PFM Act.

5.1.15 Budget Implementation Committee

i. There shall be a Budget Implementation Committee which shall comprise:-
    a. Chief Executive officer – as Chairman/Chairperson.
    b. All Chief Managers - as Members.
    c. Two representatives of independent/ functional units - as Members.
    d. Manager, Finance &Accounts - as the Secretary
ii. The Committee shall consolidate all Departments operational plans and align them to the Medium Term Expenditure Framework (MTEF) and the revenue/financing ceilings as determined by the National Treasury.
iii. The Budget Implementation Committee shall submit the Authority's consolidated budget to the responsible sub-committee of the Authority by 31st May of each year, who upon deliberation will table the budget to the Authority for approval by the 15th of June of each year.

Table 3: Budget Preparation Procedures

BUDGETING PREPARATION PROCEDURES		
OVERALL RESPONSIBILITY: CHIEF MANAGER (FHRA)		
Step	**Procedure**	**Responsibility**
1.	Receive budget guidelines from The National Treasury by way of treasury circular and from Donors (grant agreements)	CEO
2.	Request staff of the various divisions and departments to submit their requirements/estimates.	CM(FHRA)
3.	Review of detailed requests from within Departments and	Head of

	consolidation into a single budget for the department	Departments
4.	Request HoDs to submit their budgets	CM(FHRA)
5.	Review the budgets from HoDs and consolidate them to come up the institutional budget. The CM may solicit the help of officers within the organization in order to speed up the process.	CM(FHRA)/M(F&A)
6.	Present consolidated budget to the Budget committee for discussion. At this stage revisions may be done on the budgets as agreed upon between the Budget Committee and the specific head of department.	CM(FHRA)/CEO
7.	Forward consolidated budget to the CEO for final review and approval. At this stage the Board's final approval is sought.	CM(FHRA)/CEO
8.	Submit the approved budget to the ministry. Budget proceeds into the Government cycle.	The National Treasury
9.	Guidelines for the next financial year are received.	CEO

CHAPTER 6: BANK AND CASH OPERATIONS

6.1.1 Policy Statement on Treasury Management and Control

KoTDA shall implement prudent financial management policies that are transparent and accountable. KoTDA's treasury management policies are:

i. Money received is accounted for promptly by issuing official receipts to customers;
ii. Money is deposited intact into bonafide KoTDA bank accounts;
iii. Only authorized officers shall operate bank accounts. These officers shall be authorized by the Authority via an introductory letter to the respective bank signed off by the Authorized signatory.
iv. Timely bank reconciliations and review on a monthly basis.
v. Method of payments to suppliers and staff is through RTGS/EFT and cheques where applicable.

The purpose of treasury management and control is to ensure that:

i. The design, implementation and monitoring of all management and control of treasury management risk is carried out in a timely and effective manner.
ii. The CM Corporate Services shall report to the CEO any matters that affect the achievement of treasury management objectives.
iii. KOTDA maintains full records of treasury management decisions.
iv. Regular reviews of policies and procedures are carried out on treasury management for appropriateness and value addition.
v. Available funds are optimally utilized in accordance with the authorized procedures.

6.1.2 Procedures for Opening Bank Accounts

Bank accounts for the Authority shall be opened subject to the approval of the National Treasury.

i. The CM Corporate Services shall request the CEO for a bank account to be opened.
ii. The CEO shall forward the request to the Board for approval.
iii. Once the Board approves, the CEO shall request the National Treasury for Authority in Writing.

6.1.3 Bank Signing Mandates and Operation

i. KoTDA bank accounts shall be operated as per the mandate approved by the Board. The policy is to ensure that the Bank Signing Mandates are approved by the Board and are promptly updated whenever changes arise and the bank is informed on a timely basis.
ii. The CEO shall be signatory to all the bank accounts of the Authority.
iii. The Board shall appoint other signatories to ensure transparency in financial operation and internal controls.
iv. For cheques or other instructions to the banks to be validly authorized, they must bear a minimum of number of two signatories as required by the Authority.

6.1.4 Control of Cheque Books

i. Cheque books must be held in a secure place in the cash office by the MF&A
ii. A register of Cheque books indicating Cheque book series, date received and the bank account they relate to be shall be maintained.
iii. Only one Cheque book shall be issued to the cashier at a time.
iv. Cheque signatories shall sign the Cheque and the Cheque signing register when approving payments.

6.1.5 Cheque Book Requisition

Cheques shall be requisitioned as per the regulations of the bank accounts held in the various commercial banks. The Cheque requisition leaflets shall be completed and signed by the appointed bank signatories.

The appointed agent shall collect the requisitioned Cheque books from the respective banking institution.

6.1.6 Bank Accounts and Cash Books

The Authority shall maintain a cash book for every bank account opened and maintained by the Authority. The following cash books must be maintained;

a. Recurrent Cash Book,
b. Development Cash Book
c. Deposit Cash Book
d. Imprest Cash Book
e. Petty Cash Book
f. Donor Fund Cash Book

6.1.7 Cash Book Maintenance

i. Details of every deposit and payment made in the bank account shall be recorded in the cashbook and updated daily.
ii. On a daily basis the Accountant will review and examine the cashbook and sign the cashbook.
iii. The Payment Vouchers shall be entered in the cash book serially using the voucher number in the relevant cash book.
iv. At the end of the month, the Cashier shall balance the cash book and extract the cash balances.
v. An Accountant shall prepare a bank reconciliation statement and present to the MF&A

6.1.8 Petty Cash

Petty cash imprest is cash float to be held by the Cash Cashier at the KoTDA headquarters to pay for minor/incidental expenses. The management of petty cash shall be subject to the following conditions:

i. All petty cash funds are handled on an imprest basis.
ii. Mixing of cash receipts from general operations with the petty cash fund is prohibited.

iii. The total amount of cash to be held as petty cash shall be determined from time to time by the CEO to a level which is considered to be an amount appropriate for the normal needs of the KoTDA.
iv. Any cash deficits must be made good by the individual responsible for the funds on that day.
v. Petty cash payments shall be made on the approved petty cash voucher.
vi. Petty Cash shall be used to refund bonafide expenses approved by an authorized officer on production of authenticated receipts;
vii. The MF&A may authorize issuance and reimbursement of petty cash of up to a maximum of Ksh30,000
viii. The Cashier/ designated employee shall be the custodian of the petty cash. Petty Cash shall be properly accounted for and promptly replenished.
ix. The MF&A shall conduct random or surprise Petty Cash count to confirm that the cash in hand agrees with the Petty Cash balance as recorded in the record.
x. The Petty Cash Voucher and Expenditure Claim Forms shall contain the following details:
    a. Date.
    b. Description of the expenditure.
    c. Name and signature of claimant.
    d. Amount claimed in figures as well as in words.
    e. Authorized signatory and date.
f. Before payment is made, the payee must sign the Petty Cash Payment Voucher for receipt of the money. When a Petty Cash payment is made for several people, each of them must sign against his or her name on the Petty Cash payment voucher or attached payment schedule.
g. The Cashier shall;
    - Ensure that the amount of petty cash in hand agrees with book balances.
    - Stamp all paid vouchers and supporting documents with a “PAID” stamp immediately after payment is made.
    - Post the cash payments to their respective expenditure code in the petty cash register.

6.1.9 Petty Cash Regular Returns Procedures

i. The Cashier shall maintain a petty cash register in which he/ she must record individual and in detail all petty cash payments.
ii. The petty cash register must be closed and reconciled at the end of every reimbursement. At the end of every month, the MF&A, or a Person in-charge of Finance and Cashier shall prepare a petty cash summary showing the petty cash opening, balance amount received, amount spent and the balance at the end of the day.
iii. The total of petty cash in hand and expenses should not exceed Ksh. 20,000 or amounts approved for petty cash from time to time.

6.1.10 Replenishment

When petty cash float is below Ksh 10,000 the Cashier shall prepare a replenishment of petty cash request Payment Voucher and submit to the CMCs for authorization and replenishment of the expended petty cash. The payment voucher shall be forwarded together with the petty cash register and must be supported by the copies of the petty cash payment vouchers duly stamped “PAID”.

i. After the Payment Voucher is authorized by the CMCs the Cashier shall prepare a cheque/ EFT Remittance advice together with the payment voucher and submit to the authorized signatories for signature and approval.
ii. The agent is then required to withdraw the cash from the bank and forward to the Cashier who would enter the amount so withdrawn into the petty cash register. The Cashier shall file the replenished petty cash vouchers in numerical sequence in the petty cash file.
iii. No payment should be made on temporary imprest or unauthorized vouchers.
iv. The CMCs and the internal auditors shall conduct surprise checks on the cash on hand to ensure that it reflects the balance in the petty cash book. Whenever a surprise check is made he/she must initial against the verified total in the cash book as evidence of having carried out the check.

CHAPTER 7 :VOTE CONTROL AND EXPENDITURE MANAGEMENT

7.1 Vote Book Entries

The Authority shall cause records to be kept clearly at any time in respect of each vote;

a) The total amount of expenditure sanctioned for service of the year.
b) The amount of expenditure charged.
c) Any further known liabilities in respect of the year.

This is to control funds allocated in order to ensure prudent utilization of budgetary allocations to avoid over expenditure and misuse of public funds. This applies to all budgeted allocations.

7.2 Procedures for making Vote Book entries

Approved and issued AIEs should be posted in the vote book in accordance with the respective vote head items.

All AIE holders should ensure that a vote book is opened and operated for budgetary allocations as follows;

i. Every payment voucher processed is posted in the vote book.
ii. Every commitment is entered – realistic approximate values may be obtained from suppliers, Pro forma Invoice, LSOs, LPOs stores catalogue, etc.
iii. After the entry of a commitment, the total commitment figure or total commitment plus total payment is obtained from which the balance available is computed.
iv. When a commitment becomes an actual transaction it is deleted and the total commitments and actual payments figures are adjusted accordingly.
v. Every voucher should be serialized.

7.2.1 Vote Book maintenance

Vote book Accountant shall

i. Receive quarterly and any subsequent financial allocations from CM Corporate Services.
ii. Post the allocations in the Vote book according to general ledger accounts.
iii. Confirm availability of funds before committing any duly authorized purchase/service order or imprest warrants.
iv. Commit the imprest warrant and the LPO/LSO against their respective allocations in the Vote book and signs the hard copy.
v. Payment vouchers with commitments are voted after reversing the respective commitment.
vi. Payment vouchers without commitment are voted against respective allocations.
vii. Rejected vouchers are reversed in the Vote book.

7.2.2 Processing payments to suppliers and employees

The finance division shall receive and process payments that has been duly authorized and approved. Appropriate approvals must be obtained prior to ordering goods and services and all procurement must be in accordance with the KOTDA approved budget. All payments must be supported by a duly approved Requisition Form raised by the user and approved as per established approval thresholds.

The detailed procedure is as outlined below;

i. All costs shall be charged to the appropriate budgetary allocation. Any anticipated expenditure, which is not covered by the budget, must be subject to a supplementary budget or reallocation approval as per the PMF Act.
ii. LPO's and LSO's shall be signed by the authorized staff as outlined in the Public Procurement and Asset Disposal Act of 2015
iii. The Procurement Department shall always make available copies of all committed and dully signed LSOs/LPOs for filing in the Finance Department pending delivery of goods/services before payment
iv. Payments for supply of goods and services shall be within thirty days of receipt of invoice or as per prior agreed payment terms provided all the requisite conditions are met.
v. Staff payments are made within 5 days of complete claim as long as the necessary conditions are met and relevant approvals obtained.
vi. All invoices and staff claims shall be clearly stamped with a "received" stamp on receipt. The stamp shall indicate the date of receipt of the invoice /claim for monitoring purposes.
vii. The modes of payment for the Authority shall be:-
    a) Cash (small value items only)
    b) Cheque
    c) EFT/RTGS
    d) Letters of Credit.
viii. All expenditures must be consistent with the Authority's objectives and/or intention of its donors.
ix. A single individual shall not be allowed to initiate a payment and process it to a point of making a payment i.e. whenever possible; persons who approve payments should not be the same persons who make the payments

7.2.3 Preparation of Payment vouchers

A pre-numbered Payment Voucher (PV) shall be raised for all payments related to invoiced goods/services and other advances for payments. The PV shall indicate the following:

i. Date
ii. Payee's name and address
iii. Description of goods and services
iv. Amount being paid in words and figures
v. Budget line code against which the purchase should be charged
vi. Signatures of preparing and authorizing officers
vii. Signature of payee. (For cash payment only)
viii. Authority for payment in relationship to the Requisition

7.2.4 Procedures for payments for Goods and Services

i. Receive an original invoice accompanied by a triplicate copy of LPO/LSO/ copy of dully signed service contract, completion note/job card delivery note and evaluation committee minutes, Inspection and acceptance report, and S13 form(goods receipt note) to be attached.
ii. Check in the whether the invoice has been previously processed using the LPO /LSO number.
iii. Check in the procurement plan whether the purchase was approved as per the procurement plan of that financial year.
iv. Approved LPOs/LSOs must be committed in the Vote book before release to the suppliers.
v. Process the payment voucher vide voucher control FO 20, and attach two copies of payment vouchers to the document and submit in a relevant register to the examiner, A.I.E holder and CM Corporate Services in charge for authorization.
vi. In case of workshops, a deposit is paid before the workshop takes place according to a duly signed agreement between the supplier and the Authority (Pro forma invoice and a copy of an LSO must be attached). The rest is paid upon receipt of final invoice and the list of participants.

7.2.5 Expenditure Authorization Procedures

i. The Chief Executive Officer or any officer delegated by him may authorize expenditure chargeable to these votes, provided such expenditure is in respect of and within the provision for the services in accordance with Authority's regulations on contracts or agreements that may be applicable, and does not require special authority in terms of any law, regulation or Treasury instruction.
ii. No officer shall authorize vouchers for payment unless he has been authorized to do so and within the required mandates.

7.2.6 Unapplied EFT Payments/ Direct Refunds

i. The Cashier collects the bank statement to identify the rejected electronic payments
ii. The Cashier Prepares receipt voucher (FO 17), supported by bank advice notes.
iii. The MF&A verifies the payees' details against the bank Advice schedule.
iv. The MF&A passes a journal in ERP system to recognize the rejected payment.
v. The payment is processed again
vi. The payment is transferred through Internet Banking.

7.2.7 Procedure for Cash payments

i. Cash payments are limited to a one off but urgent payments of low value. Where the cashier believes it is not practicable or possible to pay by any other mode of payments, prior clearance must be sought in writing from CM Corporate Services, explaining the circumstances that necessitate cash payment having considered other options including mobile money transfer.

ii. Acknowledge receipt of a warrant/payment voucher in duplicate payable in cash by signing the delivery register.
iii. Positively identify the payee and make payments as per the warrant/payment vouchers.
iv. The payee acknowledges the receipt of cash by signing on the original copy of the warrant/payment voucher schedule.
v. Post the payment to cash book. File the paid original Warrant/Payment voucher and withdrawal slip into the daily transaction folder.

7.2.8 Taxation

The objectives of taxation policies and procedures are to ensure:

i. KOTDA is in compliant with all tax laws and regulations
ii. Proper accounting procedures are followed with respect to tax transactions
iii. Proper recording and documentation is maintained for tax purposes
iv. Tax payments and accounting are and decentralized

7.2.9 Withholding Tax and VAT Retention Deductions

i. KOTDA shall deduct Withholding Tax and appropriate VAT Retention, for every consultancy and contractual services and vatable supplies, and remit the same to the Income Tax Department and Commissioner of VAT respectively, at the Kenya Revenue Authority (KRA) as prescribed by the Income Tax Act.
ii. The applicable Withholding Tax and VAT Retention rates for payments to residents and non-residents and it are the responsibility of the MF&A to ensure compliance with tax legislation.
iii. Withholding Tax and VAT Retention shall be promptly withheld and paid when the payment voucher is raised and expensed at the time of making payment. Filling of i-tax returns for all taxes shall be done on or before 20^{th} of the following month
iv. Withholding tax and VAT Retention certificate should automatically be downloaded by the suppliers on line.
v. No filling of manual returns on Withholding and VAT Retention should be allowed.

7.2.10 Pay-As-You-Earn

i. KOTDA shall pay the pay as you earn (PAYE) for salaries and allowances payable to employees and members of the Authority as per income Tax Act and as per the instructions from the payroll section under the human resource and administration department. P.A.Y.E deducted shall be paid promptly as a transfer to income tax account.
ii. PAYE for Temporary staff and staff on secondment shall be deducted based on the graduated scale of taxation and remitted as transfers to income taxes account.
iii. Filling of i-tax return on PAYE should be done on or before 9^{th} of the following month and no manual filling returns should be allowed

7.2.11 Examination

It is the policy of the Authority to ensure that any expenditure is done in accordance/compliance with laid down regulations, policies, procedures, scales, tariffs, contracts or agreements.

This is to ensure that all payments are independently subjected to further scrutiny to enhance financial internal controls.

7.2.12 Procedures for examination of payments

The vouchers/ imprest will be subjected to scrutiny by a examiners to ascertain the following:

- (i) That the expenditure is in conformity with the authority governing the payments;
- (ii) That there exists a budget allocation to cover that expenditure and that the allocation has not and will not be exceeded as a result of the payment;
- (iii) That the payment is supported by appropriate approvals, certificates and/or duly certified invoices, receipt bills. LPOs, LSOs, contracts etc. as proof of acknowledgement of receipt of goods and services;
- (iv) That the payment voucher/ imprest is complete in all aspects and all payment procedures have been complied with;
- (v) That the payment voucher/ imprest is authorized for payment by an authorized official. When the examination is completed the examining officer or section head will complete then forward to the AIE holder and to the accountant in charge for authorization.

7.2.12.1 Examination of Suppliers Payments

A supplier is an entity or a person that supplies goods and services to another organization. Payment of suppliers is made after delivery of goods and services.

Requirements in terms of payment of Goods

1. Original invoice, fixed on letterhead, and organization stamp.
2. The invoice should clearly show the VAT deductible
3. The invoice must show the date, quantity supplied and total amount payable.
4. Original ETR receipt
5. Delivery note showing the quantity of goods delivered
6. Inspection/verification certificate showing that goods as per the requirements
7. Minutes from procurement committees
8. Contract signed by both employer and supplier for the contracted goods.
9. In case of quotations procurement should attach three quotations from different supplier's i.e. Airline agency, accommodation etc.
10. S13 showing that goods were received in procurement

Requirement in terms of payment of services

1. Approved requisition memo from user department
2. Job card fully signed by user department and approved by the authorizer
3. Original invoice fully signed and stamped
4. Original ETR receipt

5. Minutes from Evaluation committee
6. Contract signed by employer and supplier where applicable
7. In case of quotations procurement should attach three quotations from different supplier.
8. A clearance certificate to a certain the service rendered .

CHAPTER 8: IMPREST ADMINISTRATION PROCEDURES

8.1 Purpose

The purpose of the imprest system is to ensure that:

- Impressed is issued for approved activities and expenditure types
- Proper approval systems are adhered to in making imprest payments
- Reasonable amounts are paid out as imprests
- Imprest is promptly and fully accounted for with appropriate supporting documents
- Travel and other activities requiring imprests are adequately planned for in advance

8.2 Policy

i) KOTDA will pay for travel and reasonable living expenses for employees on official business in accordance with guidelines and rates sets out in Terms and Conditions of Service and relevant government circulars.
ii) Imprests must be accounted for after 5 working days on return to office. The imprests that remain unsurrendered for more than 5 days will be recovered in full from the salary.

8.3 Imprest types

According to the PFM regulations 91, 92, 93, and 94 an imprest means a form of cash advance or a float which the Accounting Officer may authorize to be issued to officers who in the course of duty are required to make payments which cannot conveniently be made through the cash office of a government entity or bank account.

An imprest shall be issued for a specific purpose, and any payments made from it, shall be only for the purposes specified in the imprest warrant.

There are three types of Imprests:

i. **Temporary Imprests (Safari Imprest)-**This is an Imprest issued to officers to facilitate travelling for official duties outside the place of work.
ii. **Standing Imprest (Petty Cash**)-This is issued to appointed officers to facilitate smooth running of the offices. It is issued at the beginning of the year and should be surrendered on or before 30thJune of every financial year.
iii. **Special Imprests-**These are issued for special reasons as per the regulations prescribed in the Government Financial regulations.

8.4 Temporary Imprest

i. Before issuing temporary imprests the Accounting Officer shall ensure that—
   a. the main objective of the journey cannot be achieved by other cheaper means;
   b. the applicant has no outstanding imprests;

c. the applicant has been recorded in the imprest register including the amount applied for;
d. Adequate funds are available against the relevant items of expenditure to meet the proposed expenditure.

ii. A holder of a temporary imprest shall account or surrender the imprest within 5 working days after returning to duty station.

iii. In the event of the imprest holder failing to account for or surrender the imprest on the due date, the Accounting Officer shall take immediate action to recover the full amount from the salary of the defaulting officer with an interest at the prevailing Central Bank Rate.

iv. If the Accounting Officer does not recover the temporary imprest from the defaulting officer as provided for in this regulation the Accounting Officer commits an offence as provided for under the Act.

v. In order to effectively and efficiently manage and control the issue of temporary imprests, an accounting officer or AIE holder shall ensure that no second imprest is issued to any officer before the first imprest is surrendered or recovered in full from his or her salary.

vi. If the accounting officer or AIE Holder fails to comply with the provisions of paragraph (v), he or she commits an offence as provided for under the Act.

vii. If an imprest is to be recovered from any public officer by instalments, the Accounting Officer shall personally authorize such recovery and such moneys shall no longer be an imprest but an unauthorized advance from Government Funds, and in addition to the interest charged under paragraph (iii), the Accounting Officer shall take appropriate disciplinary action against the officer concerned for the abuse of the imprest.

8.5 Standing Imprest

i. Standing Imprest shall be intended to be in operation for a time and requires bringing the cash level of the advance continuously up to the agreed fixed level by systematic re-imbursement of expenses.

ii. Standing imprest shall involve personal responsibility as it shall be issued to an officer in his or her own name, and not to the holder of an office.

iii. When an imprest holder leaves the service, or is transferred, he or she shall surrender the total standing imprest which includes cash plus payment vouchers which together amount to the fixed level of the imprest, and a new imprest issued to his or her successor.

iv. The holder of a standing imprest shall keep a memorandum cash book to record all receipts and payments and the balance on hand shall agree with the cash balance recorded in the cash book, and in the absence of any receipts, the actual cash balances plus the expenses paid shall equal at all times the fixed level of the imprest for which the imprest holder is personally responsible.

v. When the imprest holder needs to have his or her funds replenished, he or she shall send an abstract and analysis of his memorandum cash book, plus originals of the supporting payment vouchers to accounts division.

vi. If the accounts division in paragraph (v) is satisfied that the expenditure has actually been incurred, that it has been incurred for the intended purposes, and there is no irregularity in the payment vouchers, it shall arrange for the analysed expenditure to be posted to the various heads and items, and arrange for the cash to be transferred to the imprest holder so as to "top-up" his or her fund.

vii. In addition to paragraph (vi) the head of accounts division shall also ensure that frequent spot checks are made of the standing imprest itself by a responsible officer as follows—

a. count the cash on hand;
b. confirm that the actual cash on hand corresponds with the balance on hand as recorded in the cash book;
c. confirm that all movements (expenses and receipts) since the last check have been properly recorded and are properly documented;
d. Ensure that the documents justify the difference between the fixed imprest level and the actual cash balance; and
e. Report on any anomalies found to the head of the accounts section.

8.6 Procedures for applying for imprest

i. The officer fills and signs an Imprest Request Form (Imprest warrant).
ii. MF&A confirms that funds are available to cover the commitment.
iii. The imprest accountant verifies the applications to ensures that the authority for imprest is attached.
iv. The imprest accountant confirms that the applicant has no outstanding imprest No Imprest shall be issued before the surrender of a previous outstanding Imprest
v. The imprest accountant generates records and submits the warrant to the AIE holder for authorization
vi. Payment is made against approved imprest warrant form
vii. The accountant in charge approves the warrant and forwards to MF&A for for payment
viii. Record and submit the imprest warrant to invoicing and later validation and final cash office to post the last step of RTGS and filling of finished documents.

8.7 Imprest surrender

i. All temporary imprest must be surrendered or accounted for within 5 working days following return from the official journey.
ii. During surrender, the accountant in charge should ensure that relevant supporting documents are attached, evidencing the expenditure.
iii. Record the surrendered imprest in the imprest acknowledgment register.

iv. Prepare a payment voucher (FO 22) for the surrender of imprest, submit the payment voucher to the AIE holder, examination, clearance from the register and signed by the Accountant in charge.
v. The signed voucher is processed through the vote book, Examination, Authorization and Approval and submitted to the cash office for record keeping

8.8 Unutilized Imprest

i. Raise a receipt voucher FO 17 for the unutilized Imprest.
ii. Record the receipt voucher in the receipt voucher register and submit to cash office in triplicate, where the Imprest holder pays in the cash/bankers cheque and obtains an official receipt.
iii. Obtain two copies of receipt voucher from Cash Office duly stamped by cashier , with the original receipt being kept by the Imprest applicant and both duplicates of FO 17 and official receipts be maintained in the receipts file. A copy of FO 17 and official receipt to be attached to Imprest surrender documents and another duly signed copy to be kept by Imprest Accountant for future reference.

8.9 Un-surrendered Imprest

i. Any un-surrendered Imprests for more than thirty days shall be forwarded to the payroll section for recovery.
ii. The Imprests should be surrendered in full on or before the end of the financial year.

8.10 Duties of Imprest holders.

An officer holding an imprest shall, according to PFM regulation 94 ensure that—

i. the imprest issued to him or her shall be used for the intended purpose only;
ii. the imprest moneys and any payment vouchers awaiting replenishment are adequately safeguarded at all times;
iii. proper cash sale receipts are received for all payments out of the imprest;
iv. the full amount of the imprest can be accounted for at all times in cash, stamps, money at bank and completed payment vouchers; and goods purchased through imprest are taken on charge and certificate issued.

8.11 Examination of claims/refunds made in line of duty

These are expenditure incurred in line of duty. Example are claims made as a result of extra days, excess expenditure on fuel incurred, meal allowance, service allowances, task force allowances, taxi claims, daily subsistence allowance and ground movement for local or international official trips,

Table 4: Requirements as per the table

Types of refunds	Requirements
Extra Days per diem, Excess expenditure on fuel incurred	1. Approved memo for refund explaining the reason why? 2. Copy of work ticket or passengers boarding pass showing both exit and arrival in case where airline was used 3. In case of fuel expenditure refunds one should attach original receipts.
Meal allowance, service allowances, task force allowances	1. Approved memo or letter of appointment by CEO/DCS or a Director explaining the nature of service offered and nature of duty. 2. List of staff to be refunded showing names, gross amount less 30% PAYE and net payments.

CHAPTER 9: PAYROLL PROCEDURES

This section only provides the payroll preparation procedures. Details on other personnel procedures have been included in the KOTDA human resources policies and procedures manual

9.1 Policy

i. The payroll for the Authority shall be within the approved budget. All benefits and allowances paid with the salary shall be in conformity with the tax laws and other government regulations.
ii. Staff salaries shall be paid in arrears i.e. at the end of every month.

9.2 Preparation and approval of the payroll

i. The Manager of Human Resource and Administration shall be responsible for the preparation of the payroll. In preparing the payroll, the Manager of Human Resource and Administration shall ensure:-
   a. Accuracy and completeness of the payroll.
   b. Accuracy of changes communicated by the /CEO.
   c. Recoveries or dues to third parties are complete.
   d. Computation of the statutory dues, including income taxes.
ii. The Manager of Human Resource and Administration shall ensure that the preparation of the payroll is complete by the 20th of every month. The Chief Manager, Corporate Services shall sign the payroll before submitting it to the Secretary/CEO for review and approval.
iii. All salaries shall be paid through the bank unless under special circumstances when the payment can be done in cash. Prior approval by the Secretary/CEO will be required in this case.
iv. Each employee shall be issued with a monthly 'Pay Slip' showing basic salary and all other allowances due to him/her, deductions and the net pay. Remittance of the statutory and other payroll deductions shall be made by the 15th of the subsequent month by Corporate Services Department.
v. Staff leaving the Authority shall be removed from the payroll with effect from the date of leaving service.
vi. The Secretary/Chief Executive Officer shall communicate this to the Chief Manager, Corporate Services who shall ensure that all amounts due from the staff, including outstanding advances, are recovered before final dues are paid.
vii. For the purposes of payroll processing, the Finance Division will receive the approved monthly payroll report from the Manager (HRA) for processing with the following details:
   - Full names of the employee
   - Payroll number (provided by the system /HR Dept)
   - Position
   - Bank Name and Branch
   - Bank Account Number
   - Statutory registration numbers (PIN, NSSF, NHIF, ID)
   - Other registration numbers (Cooperative, HELB etc)
   - Emoluments details i.e. Basic pay, allowances

- Statistory and other salary deductions

viii. The Manager (F&A) will ensure strict compliance with laws regarding taxes and other statutory deductions in terms of set deadlines. He will ensure that KOTDA obtains all the pertinent information regarding statutory deductions and complies with them.

9.3 Posting of the Payroll

The paid documents shall be forwarded to the Accountant for posting and filing. Posting shall be done using the Payment Voucher (PV) and the Journal Voucher (JV), upon approval by the Head of Accounts

9.4 Data Flow Diagram

Table 5: Payroll Procedures

PAYROLL PROCEDURES		
Procedure Name: Monthly Payroll Processing		
Overall Responsibility: Manager (F&A)		
Step	**Procedure**	**Responsibility**
1.	Receive monthly payroll reports from the Manager (HR and Admin) for processing	Manager (F&A)
2.	Prepare the payment vouchers for the net salaries, statutory and other deductions - the process is similar to the cash management system	Cashier/Accountant
3.	Obtain signatories for bank transfer letter and dispatch to the bank for money transfer to the respective employee bank accounts.	Bank Signatories
4.	Observe payment procedures to pay monthly statutory and other deductions ensuring deadlines.	Manager (F&A)
5.	Update the General Ledger with the payments by debiting the various expense accounts with the payroll related payments as follows: **Entries General Ledger:** Dr. payroll Expenses (various accounts) Cr. Payroll Liabilities (Various) **Entry on payment** Dr. Payroll Liabilities (Various) Cr. Bank	Cashier/Accountant
6.	File documents.	Cashier/Accountant

CHAPTER 10: MANAGEMENT OF NON-CURRENT ASSETS

10.1 Purpose

The purpose of the fixed assets system is to ensure that:

- All assets are safeguarded by recording their details and monitoring their location, condition and usage
- There is proper maintenance of a fixed assets register, appropriately designed to include all information necessary to properly record and control fixed assets
- There is proper accounting for fixed assets

Fixed Assets: Are Assets that have a useful life extending beyond one fiscal year and are intended to be used on a continuous basis and, are not intended for resale in the ordinary course of operations.

10.2 Policy for the management of fixed assets

i. Proper control procedures are followed for all capital assets acquisitions, transfers and disposals in order to provide internal control of capital assets and to assist in reporting.
ii. Departmental heads are responsible and accountable for furniture, equipment, machinery and any other capital assets in their Department. Recognition of non-current assets shall be as per IPSAS 17 standard which gives guidelines on reporting and recognition of property, plant and equipment.
iii. Assets are items that are purchased, constructed, developed or otherwise acquired and are held for use in the production or supply of goods, the delivery of services or to produce project outputs.

10.3 Acquisition of fixed assets

Requisitions for purchase are raised by the various departments for the purchase of assets in accordance with their relevant budget allocations. Purchase requisitions for computer, audio visual and other communication equipment shall be referred to the head of ICT Department for approval prior to release of the purchase order.

i. Authorized requisitions are submitted to Finance Department for commitment of funds.
ii. The CEO and CM Corporate Services shall approve the purchase of capital items.
iii. All approved requisitions are submitted to the Procurement Department for procurement.
iv. On receipt of an asset, the user department, Stores along with the Receipt & Inspection Committee confirm receipt of the items, the working condition and satisfactory commissioning, including supply of owner/user manuals.
v. A Goods Received Voucher (GRV) is raised and the delivery note signed as confirmation of acceptance of goods. The assets detail form; signed delivery note, LPO and GRV are attached to the supplier invoice and passed for processing of payment.

vi. After the receipt of the documents the Manager finance or the designated Accountant shall update the Fixed Assets register.

10.4 Recognition of fixed assets

An item of property, plant and equipment should be recognized as an asset when:

i. It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
ii. The cost or fair value of the asset to the entity can be measured reliably
iii. Has a useful life of more than one accounting period.

10.5 Accounting for fixed Assets

i. On acquisition of an asset, debit the asset account and credit Accounts payable, cash or bank depending on the mode of payment.
ii. On depreciating an asset, debit the depreciation expense account and credit the asset accumulated depreciation account.
iii. On sale of an asset debit bank/cash/debtors account (as appropriate) with amount received/ receivable and credit disposal account. Debit disposal account with the cost of the asset and credit the asset cost account. Debit the accumulated depreciation account and credit the asset disposal account.
iv. On transfer of assets to the Authority, debit the asset account and credit a capital reserve account.
v. On receipt of insurance compensation, debit bank and credit disposal account with compensation amount, transfer the cost and accumulated depreciation for the asset to the disposal account".

10.6 Capitalization

10.6.1 Purchase of Assets

The policy requires that the purchased asset is recorded at the purchase price plus all other incidental costs necessary to put it in operation e.g. Transportation, installation, among others. Assets eligible for capitalization include but are not limited to:

i. Free hold Land
ii. Buildings
iii. Machinery
iv. Motor vehicles
v. Computers, Software and computer accessories
vi. Desks, Chairs, Cabinets and Drawers
vii. Copiers, shredders, fax machines, safes, and fridges
viii. Other Office equipment

10.6.2 Constructed Assets

Assets that are constructed are capitalized upon completion at cost incurred to put the asset in operation. These costs include, but are not limited to:

i. Direct Materials
ii. Direct Labor
iii. Overheads

iv. Installation costs
v. Contracted Services including consultancy
vi. Site Preparation costs
vii. Feasibility studies

During construction, the cost is accumulated under a work in progress account and transferred to the asset account upon completion. The cost of land is recorded as an asset separately.

10.7 Disposal and Write-off of Fixed Assets

i. No fixed assets are to be disposed, scrapped or retired without the prior approval of the CEO.
ii. Requests for the disposal must originate from the user department, recommended by Disposal Committee and forwarded to the CEO for approval. All disposals shall be in line with the Provisions of the Public Procurement and Asset Disposal Act.
iii. Any disposal of fixed asset should be updated in the fixed assets register and ledgers
iv. Any disposal proceeds must be receipted and banked intact
v. Assets that are transferred from headquarters to site office or to headquarters must have their details updated in the respective fixed assets registers

10.8 Accounting for Donations

If an asset is transferred to the Authority, it is recorded at the transfer value. It is subsequently revalued by a professional valuer and recorded at that value. If the transfer value is not known it is recorded at CEO's valuation pending valuation by a professional valuer.

10.9 Revaluation of Fixed Assets

i. Subsequent to the initial recognition, an asset may be carried at a revalued amount, less any subsequent accumulated depreciation. The basis of revaluation is the fair market value of the asset at the date of revaluation. Such a revaluations must be carried out by a professionally qualified valuer(s).

ii. Subject to requisite approvals, the Authority shall maintain a five-year revaluation policy. This is aimed at ensuring that carrying amounts do not differ materially from fair values as at the balance sheet date.
iii. Each revaluation will cover either all assets of the Authority or specific categories or classes of assets i.e. revalue an entire class of assets. Selectivity within a class is not permitted.
iv. Surpluses from revaluation are credited into a revaluation reserve while deficits are charged to the income and expenditure statement. On disposal or scrapping of an asset the balance in the revaluation reserve should be transferred to the revenue reserve as a realized gain.

10.10 Repair of Fixed Assets

Expenditures on repairs and maintenance are recognized as expenses of the current period unless one of the following applies.

i. The expenditures add to the value of the fixed asset and
ii. The expenditure materially prolongs the economic life of the fixed asset.
iii. Unusual or extraordinary repairs arising from fire or other casualties, not covered by insurance, are recognized in the general ledger as losses and not as repairs.
iv. Documents of title to Land, Motor Vehicles, Buildings and any other fixed assets owned by the Authority shall be kept in a fire proof safe in the Authority's Human Resources and Administration office.

10.11 Fixed Assets Register

The Authority's shall maintain a Fixed Assets Register.

i. All Authority's assets shall be clearly identified through a process of assigning and affixing unique identification numbers to all individual assets.
ii. A Physical inventory of all fixed assets shall be conducted annually and reconciled to the Assets Register. Any discrepancies between the Register and actual inventory of fixed assets should be promptly brought to the CEOs attention for necessary action.
iii. If the above discrepancy is considered to be a loss, it shall only be written off in accordance with the stipulations of PFMA regulations and this manual. Any excess thereof should be taken on charge through the issuance of a Stores Receipt Voucher.
iv. The Register shall be updated immediately with each transaction as soon as transaction is concluded and reconciled on quarterly basis to give a complete and accurate record of all Fixed Assets purchased, received, issued, lost, sold or disposed of in any way.
v. The register shall be adjusted to reflect the movement of Assets from one location and/or user to another and a review of the register on a quarterly basis.
vi. The Manager Finance shall be responsible for the maintenance of adequate, accurate and up to date Fixed Assets records.
vii. At the close of every financial period the Asset Register shall be closed and the balances carried forward to the next period. The same balances shall be reflected in the Authority's financial statements for the period
viii. All purchases of fixed assets shall be subject to procurement procedures.
ix. The Chief Manager, Corporate Services shall cause to be maintained a Fixed Assets Register, which provides for the following provisions:-
    a. Item description
    b. Serial or model number
    c. Manufacturer/seller
    d. Date of acquisition
    e. Physical location
    f. Condition of item
    g. Cost in Kenya Shillings

h. Internal reference number
i. Annual depreciation rate
j. Depreciation charge for the year
k. Accumulated depreciation and
l. Net book value

x. All fixed assets shall be clearly marked (tagged) with a label showing the identification and serial numbers, where applicable. The identification and serial numbers shall also be shown in the Fixed Assets Register as the reference numbers.

10.12 Depreciation

Straight line method of depreciation will be used. This will allocate the cost of the depreciable asset over its expected useful life. The annual depreciation will be based on the full acquisition cost of the depreciable asset, net of its salvage value, as applicable. The rate will apply from the date the asset is placed into use until it is disposed off/written off or until it is fully depreciated, whichever occurs first.

Sets of assets e.g. office furniture, purchased at a single point in time should be considered a single asset for depreciation, even if individual components of the set cost less than the minimum value for capitalization.

The following rates will be used in computing depreciation:

Table 6: Computation of Depreciation

Class	Name	Estimated useful life	Rate
1.	Motor vehicles	4 years	25%
2.	Computers	3 years	30%
3.	Furniture and Equipment	8 years	12.5%
4.	Building & Improvements	40 years	2.5%
5.	Plant & Machinery	8 years	12.5%
6.	Photocopiers, air conditioner and fax	8 years	12.5%

10.13 Control over fixed assets usage

Fixed assets usage will be controlled through the use of the following forms:

- Transport requisition form
- Vehicle movement register (work tickets)
- Fixed assets movement register
- Authority for movement of fixed assets form

10.14 Insurance arrangements

Insurance is a vital component of KOTDA's operations. Insurance should cover the following risk among others: fire, burglary, motor vehicle insurance, etc. The Chief Manager (FHRA) shall be responsible for effecting all insurance covers on behalf of the Authority with reputable insurers. He shall negotiate claims in consultation with other officers where necessary. Complete insurance registers and policy documents shall be kept in safe custody.

10.15 Data Flow Diagram

This section provides the detailed instructions for accomplishing each of the procedures identified.

Table 7: Fixed Assets Procedures

FIXED ASSETS PROCEDURES **Fixed Assets Acquisition, Recording and Depreciation.**		
Step	**Procedure**	**Responsibility**
1.	Raise and sign Fixed Assets purchase requisition.	User/Manager (HRA)
2.	Recommend purchase if within approved work-plan and budget.	Head of Department
3.	Check that requisition is included in the approved work-plan and within budget. If within budget indicate availability of funds and forward to CEO for approval.	Manager (F&A)
4.	Approve purchase of fixed assets and forward to procurement.	CEO
5.	Observe appropriate procurement procedures to select supplier and acquire assets.	Manager Procurement
6.	Receive purchased item and inspect to ensure that the condition is satisfactory and is in accordance contract. If the item is technical in nature, get an expert to test and certify quality conditions. Assign a unique tag number to the asset using the KOTDA assets coding register and complete Goods Received Note (GRN).	Stores / Appropriate Technical Expert
7.	Tag the fixed assets and forward copy of GRN, the invoice and relevant supporting documents to Finance Department for payment.	Stores / Appropriate Technical Expert
8.	Receive Goods Received Note for the asset and invoice duly certified by receiving officer /stores. Process the payment	Cashier/Accountant
9.	Record the fixed assets in the register. Debit the correct code and credit bank account	Manager (F&A)
10.	Review the fixed assets journal and post to the General Ledger.	Manager (F&A)

FIXED ASSETS PROCEDURES Recording Fixed Assets Disposal		
Step	**Procedure**	**Responsibility**
1.	Receive fixed assets disposal from the Administration/Procurement. Review report and prepare a journal to record the disposal by: ✓ Debit cash received from the sale ✓ Credit the asset with Net Book Value to remove from the balance sheet ✓ Debit/Credit the resulting gain or loss in the income statement	Accountant
2.	Review journal and post to update General Ledger Accounts.	Manager (F&A)
3.	Generate disposal report and print it.	Manager (F&A)
4.	Review report and sign.	Manager (F&A)
5.	File report for reference and audit purpose.	Accountant

FIXED ASSETS PROCEDURES Depreciation and Reporting		
Step	**Procedure**	**Responsibility**
1.	Prior to preparation of reports run depreciation for the period.	Accountant
2.	Review depreciation journal and post debit to depreciation accounts and credit to accumulated depreciation accounts in the general ledger.	Accountant
3.	Select user defined depreciation report and print it for the relevant period.	Manager (F&A)
4.	Review periodical fixed Assets reports and sign them.	Manager (F&A)
5.	File report.	Accountant

CHAPTER 11: FINANCIAL RECORDS

11.1 Policy

The Authority shall protect and preserve accountable documents, books and records from loss, tampering and unauthorized access or disclosure and required retention time frames. This policy is to ensure safe custody of records which act as evidence of financial transactions

11.2 Accountable Documents

The following accountable documents shall be maintained by the Authority:

1. Receipt Books
2. Local Service Order (LSO)
3. Local Purchase Order (LPO)
4. Cheque books
5. Bank Payment Order Books
6. Petty Cash Payment Vouchers (PCV)
7. Journal Vouchers (JV)
8. Imprest warrant forms
9. Payment vouchers (paid)
10. Receipt vouchers
11. Ledger books
12. Asset registers
13. Daily operation registers(Voucher Movement Register)
14. AIE Vouchers
15. Accountable documents issuance register

11.3 Accountable Documents Registers

A separate register referred to as “accountable documents Register” shall be maintained for each of the specified accountable documents. All documents received and those issued out shall be recorded in the register. Each issue shall be signed for by the drawer/recipient. At no time shall a person hold more than one active accountable document of the same nature. The respective officers under whose jurisdiction the documents fall shall maintain these registers.

11.4 Custody for Accountable Documents

The documents shall be kept in the custody of the Head of Accounts Department, and access to these documents shall be restricted to the key holder or upon his authority. The Head of Accounts shall make examination of accountable documents register on a regular basis to ensure the documents are correctly recorded and properly stored.

11.5 Completed Accountable Documents

The users shall account for all completed Accountable documents. The Accountable Documents Register shall show when such books were completed. Completed books shall be kept for a period of 7 years before they are destroyed to maintain an audit trail in the event of an audit or a special investigation.

They shall be destroyed on the approval by the Chief Manager Corporate Services.

11.6 Record Retention and Archiving

KoTDA Records retention and archiving policy shall be in line with the provisions of Chapter 23 of the Government Financial Regulations and Procedures; sections 4:2-5 which provide guidance on the management and disposal of accounting documents. This chapter states that the Accounting Officer may give permission for the destruction of accounting books and documents provided such records have been audited and are of no archival value. Accounting documents with outstanding audit queries shall not be destroyed. Retention of Accountable Documents.

11.7 Loss of Accountable Documents

Loss of Accountable documents or part thereof shall be immediately reported to the Chief Manager Corporate Services. The circumstances surrounding the loss shall be investigated. The Chief Manager shall make a decision as to whether to report the matter to the Police, publish the loss in the press or any other action in the circumstances, in the best interest of the Authority.

11.8 Disposal of Accountable Documents and Records

KoTDA Disposal Committee shall seek authority for destruction of any listed documents and records, subject to conditions outlined above. Upon the authority being granted, destruction shall be by fire or shredding machine in the presence of two (2) senior independent officers. These officers shall sign a certificate in duplicate stating that they have witnessed the destruction.

CHAPTER 12: FINANCIAL REPORTING

12.0 Financial reports

The CM Corporate Services shall ensure that Financial Reports are prepared in accordance to section 83 of the PFM Act 2012.

The CM Corporate Services shall ensure that Annual Financial statements are prepared in accordance to approved regulations and format established by the IPSAS board and the Accounting standards committee.

The Authority shall use accounting packages as appropriate to prepare its financial reports. The Authority shall also use the template provided by the Public Standards Accounting Board (PSAB), for financial reporting.

12.1 Objectives

The objective is to ensure that:

i. Proper books of account are maintained.
ii. There is budgetary control and variances are investigated in a timely manner and appropriate remedial action taken.
iii. Relevant and accurate information is available on a timely basis for decision making.
iv. There is compliance with relevant laws and regulations.
v. The financial statements comply with IPSAS.

12.2 Periodic Financial Reports

The Authority shall prepare periodic financial reports for compliance with laws and regulations and also for management and Board to monitor and evaluate financial and operational performance.

12.3 Monthly Reports

At the end of every month when postings to the ledger are complete, the Financial Reports and General Ledger Accountant shall extract a monthly trial balance as appropriate.

Monthly Reports will include:

i. A.I.A generated during the month cumulative to date compared with their respective budgets;
ii. Grant received during the month & cumulative against their respective budget;
iii. Expenditure incurred during the month and cumulative to date compared with the irrespective budgets;
iv. Analysis and explanation of variances between actual and budgets for items a, b and c.

The Accountant shall also prepare a bank reconciliation statement to be submitted to the manager finance & Accounts for onward submission to CM corporate services together with the trial balance by the 5th day of every month.

12.4 Quarterly Reports

At the end of every quarter ending, 30 September, 31 December, 31 March and 30 June, every year, the M F&A, or the person in-charge of finance shall prepare financial reports which shall include:

i. Comprehensive Statement of Income and Expenditure
ii. Statement of Financial Position
iii. Statement of Cash Flows
iv. Analysis of variance of actual expenditure versus the budget for the quarter.
v. Explanatory notes on variances.

The Quarterly Financial Statements shall be reviewed by the CM Corporate services and thereafter submitted to internal audit for audit and the Board for adoption before onward submission to the National Treasury.

12.5 Annual Financial Statements

In conformity with PFM Act 2012, and IPSAS 1, the MF&A, or the person in-charge of finance shall prepare annual financial statements at the end of every financial year ending 30June. The financial statements shall be submitted to the Auditor General for audit on or before 30th September following the end of the financial year as per the constitutional timelines spelt out in section 81 of the PFM Act 2012.

The General purpose financial statements spelt out in IPSAS 1 that shall be prepared include;

i. Statement of Financial Position
ii. Statement of Comprehensive Income & Expenditure
iii. Statement of Changes in Equity
iv. Statement of Cash Flows
v. Notes to the Financial Statements.

12.6 Chart of Accounts

The CM Corporate Services shall ensure that a chart of accounts appropriate to the operations of KOTDA and for accounting purposes, are established with approval from the CEO. The Chart of accounts shall include;

i. Income and expenditure items classifications
ii. Classification of items in the statement of financial position
iii. Accounts payable
iv. Accounts receivable
v. Coded accounts shall be entered in the general ledger, accounts payable and accounts receivable as appropriate

12.7 Posting to the General ledger

The Financial Reports and General ledger Accountant shall post the individual entries to the general ledger. Where computerized financial system is used, the Accountant shall ensure that the transactions are processed under the relevant chart of accounts.

12.8 Recognition of revenue-IPSAS 23

The Authority's main revenue is receipt of exchequers through MoICT. The exchequer is credited to the Authority's' bank accounts at KCB. The Authority shall adhere to IPSAS 23 in its recognition of revenue because its revenue is mainly from non-exchange transactions.

12.9 Presentation of budget information in the financial statements-IPSAS 24

The Authority while preparing its financial statements shall include the relevant budget information as required by IPSAS 24.

The Annual Report shall be published in the gazette and in such other manner as the Authority may deem necessary.

The format and content of the Annual Report shall include the following:-

(i) Report of the Authority Chairman
(ii) Report of the Secretary/ CEO
(iii) Financial Report, including audited accounts
(iv) Auditors' Report
(v) Highlights of the current year's budget
(vi) Staff matters
(vii) Any other pertinent issues deemed necessary

12.10 Accountability

Every officer involved in the processing of payment shall be held personally responsible for his part in the process and each officer has therefore to ascertain the validity of documents before him and their contents. Verbal instructions or confirmation will not be accepted where documentary evidence is required.

12.11 Audit

External and internal audits of Authority finances and systems shall be undertaken in accordance with the Public Audit Act.

Issues raised in the audit report shall be responded to, implemented or dispensed before the next audit by the Secretary/Chief Executive Officer.

The Internal Audit Department will undertake risk assessments from time to time to mitigate against risks and maintain a risk register.